

STATE OF WASHINGTON

Report

of

State Advisory Liquor Control
Commission

Created and Appointed by

CLARENCE D. MARTIN
Governor of Washington

PLAINTIFF'S EXHIBIT	
CASE NO.	CV04-0360P
EXHIBIT NO.	032

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AN APPRECIATION BY THE GOVERNOR

It is my privilege to thank the members of the State Advisory Liquor Control Commission for a helpful report on the coming liquor problem. Members of the Commission served faithfully and unselfishly, and without pay, seeking only to render a service to the State of Washington. I trust that members of the Legislature, public officials and the people will regard this report and the suggested liquor act as being purely advisory, and join me in this expression of appreciation of the work performed by the seven members of this Commission.

Clarence D. Martin

MEMBERS OF COMMISSION

ROBERT E. EVANS, Chairman

Attorney, Tacoma

AUGUSTA W. TRIMBLE, Secretary

Seattle

RENO ODLIN
Banker, Olympia

TIMOTHY A. PAUL
Attorney, Walla Walla

HARRY B. AVERILL
Publisher, Mount Vernon

REPORT OF STATE ADVISORY LIQUOR CONTROL COMMISSION

To the Honorable Clarence D. Martin,
Governor of the State of Washington.

Dear Sir: Your Commission immediately upon its appointment began an extended study of numerous plans for the control of intoxicating liquors and has held a number of public hearings and extended meetings in which the salient features of the problem have been extensively examined and discussed.

Liquor control plans fall into two broad classes: First, the operation of the liquor business by private enterprise under license subject to supervision.

Second, the operation of the liquor business directly by the State, and the dispensation of liquor through State owned and operated dispensaries. It is generally recognized by students of the question that the private licensing system from the standpoint of social control of the liquor problem has proved a failure, and it has been a failure largely because the motive of private profit has excessively promoted the sale and consumption of intoxicating liquors and brought about conditions that are too well remembered to require discussion.

The plan of direct Government Control through Governmental dispensaries on the other hand has attained in a number of countries, including the Canadian Provinces, a substantial degree of success and this for the reason that private profit has been eliminated from the retailing of heavy intoxicants. Under that plan heavy intoxicants are freely available but under reasonable regulations, and the private profit factor is completely absent, inasmuch as no employee in a Government dispensary has any interest beyond his salary in the sale of liquor and his salary is not dependent in any way whatsoever upon his selling any particular quantity.

Your Commission in approaching the problem of liquor control has accepted as substantially sound the view that the solution of the question is not prohibition, which has proved a complete failure, and is not the open saloon, to the return of which public opinion is strongly opposed, but that true temperance is best promoted by making widely available intoxicating beverages of low alcoholic content such as beer and light wines, but limiting so far as humanly possible the promotion of the sale of intoxicants of heavy alcoholic content through making them obtainable in Government dispensaries.

Your Commission further recognizes that the problem of liquor control admits of no perfect solution, and that the most that can be expected is a plan which offers a hope of a greater degree of success in the solution of this problem than has previously existed in this country and which marks a step forward in the effort to solve the problem.

It has been the effort of your Commission, therefore, to work out a plan that in so far as possible will avoid the evils of the old saloon days and will also avoid the evils of prohibition.

By way of carrying into practical effect the principles that have heretofore been briefly summarized, your Commission's plan provides for the elimination of all private interests in the sale of so called "heavy liquors" by making them available only at Governmental dispensaries, but permitting wide licensed sell-

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More concretely speaking, your Commission's plan provides for the sale of beer and light wines up to 14% by the glass or open bottle in restaurants, and dining places like hotels, boats and trains, it being generally recognized that the combination of food with the consumption of alcoholic beverages is promotive of temperance. Beer also may be freely sold at drug stores and soda fountains by the glass or open bottle. Beer in unopened bottles or other packages may be widely sold at any merchandising place, including grocery stores, not to be consumed on the premises.

The sale and drinking of hard liquor in public places should be prohibited; on the other hand those who wish may obtain hard liquor at Government dispensaries and consume it *ad libitum* in private places, including homes, hotel rooms, clubs, offices, etc.

It is believed by your Commission that the foregoing plan which in broad outline resembles, though somewhat liberalizes the plans prevalent in the Canadian Provinces, will satisfy the requirements of the great majority of people.

Your Commission has undertaken to conform its plan so far as possible to the reasonable habits of the people, recognizing that any undue limits would probably be disobeyed and also believing that the great percentage of the population after our experience with prohibition will be glad to conform itself to a rational plan of control; although, of course, persons or groups having a desire to make financial profit from the liquor business and probably others will not find the plan acceptable to them.

It is further a feature of your Commission's plan as well as the opinion of all disinterested persons with whom the Commission or its members have conferred, that exclusive control of intoxicating liquor should be vested in the State Government alone, and that control through Licensing should not in any way whatsoever be shared with the counties and municipalities in the State, but that the revenues and profits should be divided with them on an equitable basis.

It was emphatically urged upon the Commission by almost every individual appearing, and by practically every communication received from organizations or individuals that the Cities and Counties should be deprived of any authority whatever over the licensing and taxing features of the control plan.

In other words, the State should not share control but should share income with the municipalities. Inasmuch as the only professed interest of the municipalities in this problem is the desire for revenue, we believe that this recommendation results both in effective and uniform control throughout the state, and at the same time admits of just distribution of revenues.

In the study of this problem a sub-committee of your Commission visited Victoria, B. C. and was most curiously received by Mr. Kennedy, the head of liquor control in British Columbia, who gave your Commission invaluable information based upon ten years' experience in practical Governmental liquor control. He, at the same time, made available to the Commission detailed records showing the financial requirements of the business, personnel of stores, and all data relating to direct Governmental control and distribution of intoxicating liquor in that Province.

These records and data were made the subject of an extended and detailed analysis and study by Mr. George Duncan of Tacoma, who offered his time and services gratuitously to the Commission for this purpose.

Upon the basis of this investigation and the excellent study proffered by Mr. Duncan, your Commission is of the opinion that it will require one and one-half million dollars to set up a system of State liquor stores and an adequate control plan as advocated by your Commission. Having been advised that owing to heavy demands upon the State Treasury this amount of money could not be advanced by the State for the period of time necessary until the Treasury should be reimbursed out of the income from the business, and that as a consequence the unavailability of this amount of money for the institution of the plan might result in abandoning the direct Government control plan in favor of the private licensing system, your Commission, after conferences with financial institutions, is of the opinion that this sum can be raised by an issue of short term bonds against the earnings and assets of the Commission to be retired as principal at the rate of not less than \$300,000.00 per year. These bonds would be revenue bonds and not in any sense a general obligation of the State. If this plan is adopted the direct Government control plan advocated by us can be put into effect without expense to the State Treasury and at the same time will admit of relatively early distribution of income to the general fund of the State and the municipalities. Postponing any such distribution until the entire million and a half has first been repaid would doubtless postpone the distribution of substantial revenue for a very considerable period of time.

Your Commission is informed that such bonds against the revenue and assets of this business would be salable. The details showing the basis for the estimated capital requirements of one and one-half million dollars are attached hereto in an appendix prepared for the Commission by Mr. George Duncan.

Your Commission is of the opinion that in order to render this plan effective the control must be so set up as to remove the business so far as possible from the realm of controversial politics. In order that the liquor control problem may become merely a quiet incident in our daily lives, instead of continuing to be a subject of major controversy.

To this end your Commission proposes a full time liquor control Board of three members adequately salaried in order to obtain the talent and courage necessary to achieve the objective herein outlined.

This question received most careful consideration. Suggestions were made from various quarters along three general lines. First, a non-salaried representative Board to be vested with full control. Second, a non-salaried representative Board to employ executive managers and to act in general as a Board of Directors. Third, an ex-officio Board composed of present public officials similarly acting. After thorough analysis and discussion your Commission has arrived at the firm conviction that a three-member board, as proposed herein, would be the most desirable body, especially in view of the fact that the institution of the plan with the location of stores, the licensing of premises, the engaging of a large personnel, the complete organization of the system, and a volume of business running into many millions of dollars will require the undivided attention of a small, closely-knit body of first class executives completely removed from political considerations. This same conclusion was reached in exhaustive studies that have been presented to us. It was likewise recommended by a large majority of those testifying before or communicating with us.

The first Commissioners should be appointed by the Governor for terms of three, six and nine years, respectively, with a nine-year term to each member

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thereafter appointed upon the expiration of the first term of office. These Commissioners should be removable only for cause, for wit; inefficiency, malfeasance and misfeasance in office. Such removal should be had only upon written charges filed by the Governor and by him transmitted to the Chief Justice of the Supreme Court, who shall designate a tribunal, consisting of three Superior Court Judges to hear the charges and render a final decision without appeal therefrom.

Your Commission is of the firm opinion that if the plan is to have a reasonable chance of success those in charge of its administration should not only be secure in their tenure of office during good behavior for the term fixed, but should receive adequate salaries in order to attract to the Commission persons of the highest qualifications. In the opinion of your Commission these salaries should not be less than \$7,500.00 nor more than \$10,000.00 annually, to be determined by the Governor.

It is further believed by your Commission that in order to segregate the Liquor Control Board from any possible political criticisms and to assure its non-partisan character, not more than two members should belong to any one political party.

Your Commission believes it an absolutely essential feature of a control plan that seeks to avoid the evils of the bootlegger and the racketeer, that liquor be readily available to all people at reasonable prices to be fixed by the Liquor Control Board. It would appear that in so far as weakness in this regard has developed in other Governments where comparable plans are in operation, it has come about through the desire of Government officials for excessive revenues from this source. We believe that this objective can be attained while at the same time yielding the State and Municipal Governments a substantial revenue not heretofore enjoyed.

It is estimated by the Commission upon the basis of carefully prepared calculations as to probable revenues that the end referred to in the preceding paragraph, namely, reasonable prices, can be attained, while at the same time yielding an annual net revenue to be divided between the State and Municipalities of approximately five or six million dollars. In support of this estimate we call your attention to the appendix attached hereto.

In the interest of brevity your Commission presents the above broad outline of a Control Plan, but in order that the Commission's views may be available in concrete form and be of aid to your Excellency and the Legislature, your Commission has prepared and there is attached hereto as an appendix, a draft of a bill incorporating the Commission's views on regulations and control. The Commission does not claim for this draft perfection or finality, but it is presented for the purpose of giving your Excellency and the Legislature a detailed conception of the views of the Commission.

Respectfully submitted,

F. G. Snow,
T. A. PAUL,
RENO OULLIN,
ALFRED J. SCHWEPPKE,
Rene E. EVANS,

Chairman.

Dated at Olympia, Washington, November 7, 1933.

POSTSCRIPT.

The lawyer members of the Commission are unanimously of the opinion the Legislature has power to pass a bill of the character hereto appended, notwithstanding Initiative Measure No. 61 adopted by the people on November 8, 1933, and now published as Chapter 2, of the Laws of 1933.

T. A. PAUL,
ALFRED J. SCHWEPPKE,
Rene E. EVANS.

RESOLUTION COMMITTEE OF THE WASHINGTON REPEAL CONVENTION.

November 6, 1933.

To the Honorable CLARENCE D. MARTIN,
Governor of the State of Washington.

DEAR SIR: The Resolution Committee of the Washington State Repeal Convention has held several meetings to discuss the subject of liquor control, and make recommendations that might be helpful to the Governor's Advisory Liquor Commission.

At our final meeting last week the Committee authorized me, as its chairman, to submit said recommendations to the Governor's Commission and to convey to the Governor the views of the Resolution Committee.

By the courtesy of the Advisory Liquor Commission appointed by the Governor, I have been enabled to attend its hearings and take part in its deliberations.

I have become familiar with all the provisions of the bill which it has prepared and is submitting to the Governor, and wish to express, under the authority granted me by the Resolution Committee, the concurrence of the Committee in the bill presented by the Advisory Liquor Commission and in the report which this Commission is submitting to the Governor.

The Committee of which I am chairman, however, has directed me to call to the attention of the Governor the deplorable condition now existing in different cities and communities in the State of Washington, and the dangers of this condition becoming even more critical following the repeal of the Eighteenth Amendment.

They have, therefore, instructed me to urge upon the Governor the imperative necessity of prompt action to meet what we consider to be a grave emergency.

Very respectfully,

Tom DRUMMERY,
Chairman,
Committee

E. F. BLAINE, DON W. CLARK,
FRANK J. BLAKESLEE, R. P. FULKENSON,
MARIE BOCK, JOSEPH McCARTHY,
LEW BROWN, RALPH E. PRASLAVY.

Chairman.

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MINORITY REPORT OF THE STATE ADVISORY LIQUOR CONTROL COMMISSION.

To His Excellency,
HONORABLE CLARENCE D. MARTIN,
Governor of Washington.

Mr. Dear Governor: As members of a Liquor Advisory Commission appointed by you to examine the problem of control in this state upon the repeal of the Eighteenth Amendment and to suggest a general plan of legislation for meeting it, we have esteemed it a privilege to serve you to the fullest extent of our ability. With the general scheme of setting up a state liquor monopoly, assuming complete control of the manufacture, sale and handling of all forms of liquor, we are in agreement with the majority opinion of the commission and join in recommending to you and to the legislature its adoption, with certain exceptions which we consider sufficiently important to justify this minority report.

Such exceptions as we take to the majority report and to the tentative act drafted by this commission are based upon a sincere wish to see established a fair, tolerant, efficient, workable and enforceable plan of state control and are offered only in that spirit and with such intentions. We all realize the inadequacy of any plan under present chaotic conditions after thirteen years of widespread resentment and flagrant violations of the prohibition laws in the midst of which a new generation has grown up and become of age.

Any laws or regulations adopted must be of a highly experimental nature for some time to come, which leads us to emphasize a conclusion that the success of any efforts toward liquor regulation in this state must depend chiefly on the character of the personnel of any permanent commission or board charged with the duty, as well as upon the granting to it of unusual authority and powers. Too many mandatory restrictions upon the powers of such a board will destroy necessary flexible administration and accentuate the already deep-seated public resentment against excessive regulation and harsh punishment.

We believe that rigidity for the present must give way to reasonable tolerance if we are to restore confidence in and respect for law and build a stable foundation for temperance. We cannot step into complete government control and law abiding acceptance by the mere passage of a legislative act setting up the machinery any more than prohibition could be made effective by adopting it temporarily as a constitutional mandate. Laws do not rise above their source and never will. The vital element of human psychology is too frequently overlooked by lawmakers in an excess of detailed mandates and restrictions.

We take exception to a mandatory provision contained in the plan approved by the majority, holding the consumer of liquor in any form containing more than 14 per cent alcohol personally responsible and subject to arrest, fine and imprisonment, with or without hard labor, for the act of opening or consuming such liquor in a public place. "Public place" is defined as to include "any place, building, or passenger conveyance to which the public resort or to which the public are permitted to have access." Intoxication or disorderly conduct need not be alleged. Mere opening or consumption is sufficient to send a person to jail or subject him or her to fines if the judge so wills. The majority report and plan provides that every person guilty of such violation shall be liable on conviction for a first offense to a penalty of not more than \$300.00 fine or to

imprisonment for not more than two months, with or without hard labor, or both. For a second offense the maximum penalty is imprisonment for not more than six months, with or without hard labor, and for a third offense, imprisonment for not more than one year, with or without hard labor. While the degree of punishment is discretionary with the court, the offender is publicly branded as having committed a crime, to which principle we strongly protest.

We believe this provision to be unenforceable because it is contrary to the majority of public opinion. It is an effort to convert into legal crime a practice which is regarded as simply mischievous or unethical. Even under the Eighteenth Amendment and the drastic Volstead Act such an invasion of personal liberty as the arrest of the consumer was never attempted. Efforts of radical drys to get such legislation through Congress failed repeatedly. Having legalized the sale of hard liquors it seems to us an unwarranted legal trespass upon personal rights, an unjustified police power offering unlimited opportunities for graft and corruption. It is the ghost of prohibition days stalking on more arrogantly than ever. In listening to testimony before the commission we found no one who believes such a law can be enforced and we are opposed to placing on our statute books laws whose unenforceability is admitted. It will seriously weaken the entire liquor control structure and serve only to breed contempt for the commission and its regulations. The American people are tired to death of hypocrisy. A powerful element, we do not know how large, in fact insist on the removal of all public drinking baus and tremendous pressure will be exerted to legally liberalize any liquor control in respect to public consumption. Drastic legislation directed against the individual will cause a reaction which may endanger our whole objective. It has been well said that the only standard which the law has any hope of enforcing is the standard prevailing in the community as a whole and not that which prevails in a single group, no matter how enlightened it may be. Public opinion will develop further and more clearly on the all-important subject of public drinking of hard liquor and will have to be the guide of any successful regulatory law.

We feel that the drinking of hard liquor can and should be discouraged in any public place and that much can be accomplished through the co-operation of all public licensed places and the fostering of public prejudice against the practice. Sufficient control can be exercised by a state commission to prevent flagrant abuses of public drinking and the people will back up any such effort.

We are opposed to a commission of three recommended by the majority at the salaries stipulated, namely from \$7,500 to \$10,000 per annum, but recommend the creation of a permanent commission of five, to include at least one woman, at salaries to be fixed by you at not to exceed \$6,000 per year each. The method of appointment and removal proposed has consistently had our support. The tremendous amount of deliberative and executive work involved in this vast undertaking would certainly keep five commissioners very busy. A board of five would be less subject to domination than a board of three people. A board of five, we believe, would give opportunity for wider and better representation throughout the state, which we think is one of the essentials in the setting up of a new and untried branch of state government. Whether such a commission is composed of three or five is not a factor in the administrative costs in a business of this size. The same number of departments will exist in any case and if not headed by efficient commissioners will have to be filled by

equally efficient and highly paid executives. We believe that a commission larger than five would be unwieldy and economically inefficient.

Liquor control is primarily a social problem and must be recognized and treated as such and not merely as a business proposition. It is therefore of the deepest interest and importance to all women. Her interest has always been vital in the social aspects of the problem. The part they played in bringing about repeal was not for the return of more and better liquor. They were actuated by a desire to establish better control of the liquor problem. We believe that women's interests are not opposed or in any way contrary to those of men and they have always been vital in the social aspects of this regulation.

Revenue, the business end of this plan, while very important, is conceded by all of us to be secondary to control. No permanent liquor commission in this state should be organized without recognition of women nor is it as apt to function fully without such recognition. Any law passed should specifically provide for such representation.

We recommend that the main offices of the liquor commission be located like those of any other great business, at the point insuring the greatest economy and efficiency of operation and affording the greatest convenience to the people served. We do not agree with the majority that the state capital meets these requirements. Any arbitrary effort to designate it as the commission headquarters by law is bound to saddle undue and unnecessary expense upon the state. If such a commission is to function as a commercial organization and to be as nearly independent politically as possible, it should be left entirely free to establish its offices and branches wherever its business sense directs.

We have consistently declined to attempt to recommend a basis for division of the net profits of a state liquor monopoly, believing that the subject is one which the legislature can satisfactorily settle and that the scope of our recommendations ceases with a declaration that any such profits accruing from time to time, in excess of the necessary operating funds, should be turned over to the state treasurer. The major portion of liquor law enforcement expense will have to be borne by local authorities in all parts of the state. What this will amount to we have no figures to show. However, we all agree that enforcement is a primary obligation of state liquor control. Any attempt to recommend allocation of funds at this stage of planning is the interest guesswork.

In conclusion we desire to emphasize that we are entirely in accord with the broad plan of establishing a state liquor monopoly the dominant policy of which shall be control, looking toward social betterment, with revenue and profits of secondary importance.

We appreciate the privilege your Excellency has accorded us as members of your Advisory Commission and assure you that we shall be pleased to serve you further at your pleasure.

Sincerely yours,
HARRY B. AVERILL,
AUGUSTA W. TRIMBLE,
Minority Members.

Olympia, Washington, November 6, 1933.

APPENDIX "A"

PROPOSED STATE CONTROL PLAN.

AN ACT relating to intoxicating liquors, providing for the control and regulation thereof, and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. This act may be cited as the "Washington State Liquor Act." SEC. 2. This entire act shall be deemed an exercise of the police power of the state, for the protection of the welfare, health, peace, morals and safety of the people of the state, and all its provisions shall be liberally construed for the accomplishment of that purpose.

SEC. 3. In this act, unless the context otherwise requires:

"Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation of grain, starch, molasses, or sugar, including all dilutions and mixtures of this substance.

"Beer" means any beverage obtained by the alcoholic fermentation of an infusion or decoction of barley, malt, and hops in water, containing not more than four per cent of alcohol by weight, or not less than $\frac{1}{2}$ per cent of alcohol by volume. For the purposes of this act any such beverage, including ale, stout and porter, containing more than four per cent of alcohol by weight shall be referred to as "strong beer."

"Brewer" means any person engaged in the business of manufacturing beer and malt liquor.

"Board" means the Liquor Control Board, constituted under this act.

"Club" means a society or association of persons, incorporated or unincorporated, organized or carried on for the purpose of furnishing amusement, or for social, athletic, recreational, fraternal, benevolent, educational or other purposes.

"Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

"Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to sections 10030-10038, Rem. Rev. Stat.

"Distiller" means a person engaged in the business of distilling spirits.

"Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to sections 10126-10146, Rem. Iter. Stat.

"Drug Store" means a place whose principal business is, or purports to be, the sale of drugs, medicines and pharmaceutical preparations.

"Employee" means any person employed by the board, including a vendor, as hereinafter in this section defined.

"Fund" means "Liquor Revolving Fund."

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"Hotel," under the meaning of this act, shall be as defined in section 6830, Rem. Rev. Stat.

"Imprisonment" means confinement in the county jail.

"Interdicted person" means a person declared an habitual drunkard pursuant to sections 1708-1715, Rem. Rev. Stat., or a person to whom the sale of liquor is prohibited by an order of interdiction filed with the board pursuant to this act.

"Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semi-solid, or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one per cent of alcohol by weight shall be conclusively deemed to be intoxicating.

"Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.

"Malt Liquor" means beer, strong beer, ale, stout, and porter.

"Package" means any container or receptacle used for holding liquor.

"Permit" means a permit for the purchase of liquor under this act.

"Person" means an individual, partnership, association, or corporation.

"Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to sections 10008-10025, Rem. Rev. Stat.

"Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this act, for medicinal purposes.

"Public Place" includes any place, building, or passenger conveyance to which the public resort or to which the public are permitted to have access.

"Regulations" means regulations made by the board under the powers contained in this act.

"Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodging, is habitually furnished to the public, not including drug stores and soda fountains.

"Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state.

"Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

"Spirits" means any beverage which contains alcohol obtained by distillation.

"Store" means a state liquor store established under this act.

"Vendor" means a person employed by the board as a store manager under this act.

"Winery" means a business conducted by any person for the manufacture of wine for sale.

"Wine" means any alcoholic beverage obtained by the fermentation of the natural sugar contents of fruit (grapes, apples, etc.) or other agricultural product containing sugar (honey, milk, etc.). "Unfortified wine" means wine as above defined containing only the amount of alcohol produced by the fermentation of such natural sugar contents without the addition thereto, either during or after such fermentation, of any alcohol, and containing not more than fourteen per cent of alcohol by weight. "Fortified wine" means any wine containing such added alcohol, or containing, in any event, in excess of fourteen per cent of alcohol by weight.

"Wholesaler" means a person who buys beer from a brewer or brewery located beyond the boundaries of the state for the purpose of selling the same pursuant to this act, or who represents such brewer or brewery as agent.

SEC. 4. (1) There shall be established at such places throughout the state as the liquor control board, constituted under this act, shall deem advisable, stores to be known as "State Liquor Stores," for the sale of liquor in accordance with the provisions of this act and the regulations: *Provided*, That the prices of all liquor shall be fixed by the board from time to time so that the net annual revenue received by the board therefrom shall approximate twenty-five per cent.

(2) The liquor control board may, from time to time, fix the special price at which pure grain alcohol may be sold to physicians and dentists and institutions regularly conducted as hospitals, for use or consumption only in such hospitals; and may also fix the special price at which pure grain alcohol may be sold to schools, colleges and universities within the state for use for scientific purposes.

(3) The liquor control board may also fix the special price at which pure grain alcohol may be sold to any department, branch or institution of the State of Washington, or to any person engaged in a manufacturing or industrial business or in scientific pursuits requiring liquor for use therein. (4) The liquor control board may also fix a special price at which pure grain alcohol may be sold to any private individual, and shall make regulations governing such sale of alcohol to private individuals as shall promote, as nearly as may be, the minimum purchase of such alcohol by such persons.

SEC. 5. The administration of this act, including the general control, management and supervision of all state liquor stores, shall be vested in the liquor control board, constituted under this act.

SEC. 6. The sale of liquor at each state liquor store shall be conducted by a person employed under this act to be known as a "vendor," who shall, together with the employees under his direction, under the regulations of the board, be responsible for the carrying out of this act and the regulations, so far as they relate to the conduct of the store and the sale of liquor thereat.

SEC. 7. (1) An employee in a state liquor store may sell to any person who is the holder of a subsisting permit such liquor as that person is entitled to purchase under his permit.

(2) No liquor sold under this section shall be delivered until

(a) the purchaser has given a written order to the employee, dated and signed by the purchaser, and stating the number of his permit and the nature and quantity of the liquor ordered; and

(b) the purchaser has produced his permit for inspection by the employee; and

(c) the purchaser has paid for the liquor in cash.

SEC. 8. (1) An employee may sell liquor to any person upon the prescription of a physician given pursuant to this act, but no more than one sale and one delivery shall be made on any one prescription.

(2) An employee may sell beer and unfortified wines to any licensee holding a license to sell under this act in accordance with the terms of said license.

SEC. 9. No liquor other than malt liquor shall be delivered to any purchaser at a state liquor store except in a package sealed with the official seal prescribed under this act.

SEC. 10. No employee in a state liquor store shall open or consume, or allow to be opened or consumed, any liquor on the store premises.

SEC. 11. No sale or delivery of liquor shall be made on or from the premises of any state liquor store, nor shall any store be open for the sale of liquor, on Sunday.

SEC. 12. Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted such permit for the purchase of liquor under this act, the employee shall issue to the applicant a permit of the class applied for, as follows:

(a) Where the application is for an individual permit and is made by an individual of the full age of twenty-one years, an individual permit in the prescribed form entitling the applicant to purchase liquor for beverage purposes; the fee for such permit to be twenty-five cents;

(b) Where the application is for a special permit and is made by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health or as a home devoted exclusively to the care of aged people, or by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by a private person, a special permit in the prescribed form entitling the applicant to purchase alcohol for the purpose named in the permit, at such fee as may be fixed by the board;

(c) Where the application is for a special permit for the purchase of wine for sacramental purposes and is made by a regularly ordained clergyman, priest, or rabbi actually engaged in ministering to a religious congregation, a special permit in the prescribed form entitling the applicant to purchase wine for use for sacramental purposes, without fee;

(d) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit in the prescribed form entitling the applicant to purchase liquor for consumption at such banquet, to such applicants and at such fee as may be fixed by the board; such application to be approved or rejected by the vendor in his discretion.

(e) Where the application is for a special permit by a manufacturer to import alcohol, malt and other materials containing alcohol to be used in the manufacture of liquor, under the regulations, at such fee as may be fixed by the board;

(f) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, under the regulations, at such fee as may be fixed by the board.

SEC. 13. (1) Every permit shall be issued in the name of the applicant therefor, and no permit shall be transferable, nor shall the holder of any permit allow any other person to use the permit.

(2) No person shall apply in any false or fictitious name for the issuance to him of a permit, and no person shall furnish a false or fictitious address in his application for a permit.

SEC. 14. No permit shall be valid or be accepted or used for the purchase of liquor until the applicant for the permit has written his signature thereon in the prescribed manner, for the purposes of identification as the holder thereof, in the presence of the employee to whom the application is made.

SEC. 15. No individual permit shall be issued to any corporation, partnership, or other unincorporated association of individuals.

SEC. 16. Except in the case of special permits issued under clauses (b), (c) and (d) of section 12, which shall expire in accordance with the terms contained therein, every permit shall expire at midnight on the thirty-first day of December of the year in respect of which the permit is issued.

SEC. 17. Where the holder of any permit issued under this act violates any provision of this act or of the regulations, or is an interdicted person, or is otherwise disqualified from holding a permit, the board, upon proof to its satisfaction of the fact or existence of such violation, interdiction, or disqualification, and in its discretion, may with or without any hearing, suspend the permit and all rights of the holder thereunder for such period as the board sees fit, or may cancel the permit.

SEC. 18. Upon receipt of notice of the suspension or cancellation of his permit, the holder of the permit shall forthwith deliver up the permit to the board. Where the permit has been suspended only, the board shall return the permit to the holder at the expiration or determination of the period of suspension. Where the permit has been suspended or cancelled, no employee shall knowingly issue to the person whose permit is suspended or cancelled any permit under this act until the end of the period of suspension or within the period of one year from the date of cancellation.

SEC. 19. Where any permit is presented to an employee by a person who is not the holder of the permit, or where any permit which is suspended or cancelled is presented to an employee, the employee shall retain the permit in his custody and shall forthwith notify the board of the fact of its retention.

SEC. 20. Any physician who deems liquor necessary for the health of a patient, whether an interdicted person or not, whom he has seen or visited

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professionally may give to the patient a prescription therefor, signed by the physician, or the physician may administer the liquor to the patient, for which purpose the physician may administer the liquor purchased by him under special permit and may charge for the liquor so administered; but no prescription shall be given or liquor be administered by a physician except to *bona fide* patients in cases of actual need, and when in the judgment of the physician the use of liquor as medicine in the quantity prescribed or administered is necessary; and any physician who administers liquor in evasion or violation of this act shall be guilty of an offense against this act.

SEC. 21. Any dentist who deems it necessary that any patient then under treatment by him should be supplied with liquor as a stimulant or restorative may administer to the patient the liquor so needed, and for that purpose the dentist shall administer liquor obtained by him under special permit pursuant to this act, and may charge for the liquor so administered; but no liquor shall be administered by a dentist except to *bona fide* patients in cases of actual need, and every dentist who administers liquor in evasion or violation of this act shall be guilty of an offense against this act.

Sec. 22. Any person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, may, if he hold a special permit under this act for that purpose, administer liquor purchased by him under his special permit to any patient or inmate of the institution who is in need of the same, either by way of external application or otherwise for medicinal purposes, and may charge for the liquor so administered; but no liquor shall be administered by any person under this section except to *bona fide* patients or inmates of the institution of which he is in charge and in cases of actual need and every person in charge of an institution who administers liquor in evasion or violation of this act shall be guilty of an offense against this act.

Sec. 23. There shall be the following classes of licenses, at the annual license fee hereinafter set forth:

(1) License to manufacturers of liquor, including all kinds of manufacturers except distillers; fee: \$250.00; *Provided*, That the board shall license stills used and to be used solely and only by a commercial chemist for laboratory purposes, and not for the manufacture of liquor for sale, at a fee of \$10.00; *Provided further*, That the board shall license stills used and to be used solely and only for laboratory purposes in any school, college or educational institution in the state, without fee;

(2) License to brewers and wholesalers to sell beer manufactured within or without the state to holders of retail licenses under subsections (4) and (5) hereof; fee: \$100.00;

(3) License to sell unfortified wines and beer by the individual glass or opened bottle at retail, for consumption on the premises only; such license to be issued only to

- (a) hotels,
- (b) restaurants,
- (c) dining places on trains, boats and aeroplanes,
- (d) clubs;

fee: \$25.00;

(5) License to sell beer by the individual glass or opened bottle at retail, for consumption on the premises only; such license to be issued only to drug stores and soda fountains; fee: \$25.00;

(6) License to sell beer at retail in bottles and original packages, not to be consumed upon the premises where sold, at any store other than the government liquor stores; fee: \$10.00;

(7) License to clubs, entitling each member of the club to keep on the premises a reasonable quantity of liquor for personal consumption on the premises; *Provided*, That no club shall be entitled to such a license

(a) unless such club were in operation as such at least three years previous to the effective date of this act, or, being thereafter formed, were in continuous operation as such a club for at least one year immediately prior to the date of its application for such license; *Provided*, That by unanimous vote the board may waive the provisions of this subsection;

(b) unless the club premises be constructed and equipped, conducted, managed and operated to the satisfaction of the board and in accordance with this act and the regulations made thereunder;

(c) unless the board shall have determined pursuant to any regulations made by it with respect to clubs, that such club is a *bona fide* club; fee: \$100.00.

SEC. 24. Any brewer or wholesaler licensed under this act may sell and deliver beer to holders of authorized licenses direct, but to no other person, other than the board; and every such brewer or wholesaler shall report all sales to the board monthly, pursuant to the regulations, and shall pay to the board as an added tax for the privilege of manufacturing and selling the beer within the state a tax of one dollar per barrel of thirty-one gallons on sales to licensees within the state and on the sale of bottled beer shall pay a tax on the same basis computed in gallons. Each such brewer or wholesaler shall procure from the board revenue stamps representing such tax in form prescribed by the board and shall affix the same to the barrel or package in such manner and in such denominations as required by the board, and shall cancel the same prior to commencing delivery from his place of business or warehouse of such barrels or packages.

The above tax shall not apply upon "strong beer" as defined in this act.

SEC. 25. Every winery licensed under this act shall make monthly reports to the board pursuant to the regulations. Such winery shall make no sales of wine within the State of Washington except to the board.

SEC. 26. Every distillery licensed under this act shall make monthly reports to the board pursuant to the regulations. No such distillery shall make any sale of spirits within the State of Washington except to the board.

SEC. 27. (1) Every license shall be issued in the name of the applicant and no license shall be transferable, nor shall the holder thereof allow any other person to use the license.

(2) For the purpose of considering any application for a license, the board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the constitution and operation of the premises. The board may, in its discretion, grant or refuse the license applied for; and may, from time to time in the exercise of its discretion.

with or without any hearing or assigning any reason therefor, suspend or cancel any license; and all rights of the licensee to keep or sell beer or other liquors thereunder shall be suspended or determined as the case may be.

(3) Upon receipt of notice of the suspension or cancellation of a license, the licensee shall forthwith deliver up the license to the board. Where the license has been suspended only, the board shall return the license to the licensee at the expiration or determination of the period of suspension, with a memorandum of the suspension written upon the face thereof in red ink. The board shall notify all vendors in the city or place where the licensee has its premises of the suspension or cancellation of the license; and no employee shall allow or cause any liquor to be delivered to or for any person at the premises of that licensee.

(4) Unless sooner cancelled, every license issued by the board shall expire at midnight of the thirty-first day of December in the year in respect of which the license is issued.

(5) Every license issued under this section shall be subject to all conditions and restrictions imposed by this act or by the regulations in force from time to time.

(6) Every licensee shall post and keep posted its license in a prominent position on the premises.

SEC. 28. Any person doing any act required to be licensed under this act without having in force a license issued to him under this act shall be guilty of an offense against this act.

SEC. 29. No municipality, nor any county, shall, during the effective period of this act, have the power to license, or regulate, or impose an excise tax upon liquor as defined in this act, nor upon the sale or distribution thereof in any manner; and any power conferred by law on any municipality or county to license or regulate the premises licensed under this section, or to license, or regulate, or impose an excise tax upon liquor as defined in this act, shall, during the effective period of this act, become suspended and be of no effect: *Provided*, That all licenses now in force in the State of Washington for the sale of beer by the authority of any county, city, or other municipal subdivision in the State of Washington, shall continue in force and effect for a period of sixty days after the effective date of this act and no longer.

SEC. 30. No brewer, distiller, or manufacturer of liquor shall, within the state, by himself, his clerk, servant, or agent, give to any person any liquor; but nothing in this section shall prevent the furnishing of samples of liquor to the board for the purpose of negotiating the sale of liquor to the state liquor control board.

SEC. 31. No employee shall sell liquor in any other place, nor at any other time, nor otherwise than as authorized by this act and the regulations.

SEC. 32. Nothing in this act shall apply to wine or beer manufactured in any home for consumption therein, but not for sale; nor to any liquor in the possession of any person, kept for personal use but not for sale, at the effective date of this act.

SEC. 33. (1) No liquor shall be kept or had by any person within the state unless the package, not including a decanter or other receptacle containing the liquor for immediate consumption, in which the liquor is contained has, while containing that liquor, been sealed with the official seal prescribed under this act, except in the case of

(a) liquor imported by the liquor control board; or
(b) liquor manufactured in the state for sale to the liquor control board or for export; or
(c) beer purchased in accordance with the provisions of this act; or
(d) wine or beer exempted in section 32.

(2) In aid of the provisions of this act, and upon written complaint, under oath before any magistrate authorized to issue warrants in criminal cases, setting forth facts showing that the complainant has reasonable grounds to believe that liquor is being kept in violation of this act in any particular house or place, the magistrate, if he be satisfied that there is reasonable cause for such belief, shall issue warrant for such property; the warrants issued under the provisions hereof shall comply with the provisions of chapter 22, Rem. Rev. Stat., as to their direction and execution; and all liquor seized pursuant to the authority of such warrant shall, upon adjudication that it was kept in violation of this act, be *ipso facto* forfeited to the state and upon such forfeiture be delivered to the state liquor control board.

SEC. 34. Except as permitted by this act, no person shall open or consume liquor in a public place.

SEC. 35. No person who is in a state of intoxication shall be or remain in any public place, and every person who violates any provision of this section shall be liable, on conviction, for a first offense to a penalty of not more than twenty-five dollars; for a second offense to a penalty of not more than fifty dollars; and for a third or subsequent offense to imprisonment for not more than three months, with or without hard labor, without the option of a fine.

SEC. 36. No person shall sell any liquor to any person apparently under the influence of liquor.

SEC. 37. (1) Except in the case of liquor given or permitted to be given to a person under the age of twenty-one years by his parent or guardian for beverage or medicinal purposes, or administered to him by his physician or dentist for medicinal purposes, no person shall give, or otherwise supply liquor to any person under the age of twenty-one years, or permit any person under that age to consume liquor on his premises or on any premises under his control.

(2) Every person under the age of twenty-one years who makes application for a permit shall be guilty of an offense against this act.

SEC. 38. Except in the case of liquor administered by a physician or dentist or sold upon a prescription in accordance with the provisions of this act, no person shall procure or supply, or assist directly or indirectly in procuring or supplying, liquor for or to any one whose permit is suspended or has been cancelled.

SEC. 39. No permit shall be issued to any interdicted person, and every interdicted person who makes application for a permit, or who enters or is

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found upon the premises of any state liquor store, shall be guilty of an offense against this act.

SEC. 40. No person whose permit has been cancelled within the period of twelve months next preceding, or is suspended, shall make application to any employee under this act for another permit.

SEC. 41. No person shall purchase or attempt to purchase liquor under a permit which is suspended, or which has been cancelled, or of which he is not the holder.

SEC. 42. No person shall canvass for, solicit, receive, or take orders for the purchase or sale of any liquor, or act as agent for the purchase or sale of liquor: *Provided*, That nothing in this act shall prevent any brewer, brewery, or wholesaler, by his or its authorized agent, from soliciting orders from holders of licenses to sell beer under section 23 of this act. Nothing in this section contained shall apply to agents dealing with the board or to the receipt or transmission of a telegram or letter by any telegraph agent or operator or post office employee in the ordinary course of his employment as such agent, operator or employee.

SEC. 43. The board shall not advertise liquor in any form or through any medium whatsoever.

SEC. 44. Every person manufacturing or distributing malt liquor for sale within the state shall put upon all packages containing malt liquor so manufactured or brewed a distinctive label showing the nature of the contents, the name of the person by whom the malt liquor is manufactured or brewed, the place where the malt liquor was brewed, and showing the maximum alcoholic content of such malt liquor. For the purpose of this section, the contents of packages containing malt liquor shall be shown by the use of the word "beer," "ale," "stout," or "porter," on the outside of all packages.

SEC. 45. Every person manufacturing or distributing wine, fortified or unfortified, shall put upon all packages a distinctive label showing the nature of the contents and the name of the person by whom the wine is manufactured, the place where the wine was manufactured, showing the maximum alcoholic content of such wine, and shall specifically state whether such wine is fortified or unfortified within the meaning of this act.

SEC. 46. Every person manufacturing spirits as defined in this act shall put upon all packages containing spirits so manufactured a distinctive label, showing the nature of the contents, the name of the person by whom the spirits were manufactured, the place where the spirits were manufactured, and showing the alcoholic content of such spirits. For the purposes of this section, the contents of packages containing spirits shall be shown by the use of the words "whiskey," "rum," "brandy," and the like, on the outside of such packages.

SEC. 47. No person other than an employee of the board shall keep or have in his possession any official seal prescribed under this act, unless the same is attached to a package which has been purchased from a vendor; nor shall any person keep or have in his possession any design in imitation of any official seal prescribed under this act, or calculate to deceive by its

resemblance thereto, or any paper upon which any design in imitation thereof, or calculated to deceive as aforesaid, is stamped, engraved, lithographed, printed or otherwise marked.

SEC. 48. Nothing in this act shall apply to or prevent the sale of liquor by any person to the board.

SEC. 49. (1) Nothing in this act shall prevent any person licensed to manufacture liquor from keeping liquor in his warehouse or place of business.

(2) Nothing in this act shall prevent the transhipment of liquor in interstate and foreign commerce; but no person shall import liquor into the state from any other state or country, except as herein otherwise provided, for use or sale in the state, except the board.

(3) Every provision of this act which may affect transactions in liquor between a person in this state and a person in another state or in a foreign country shall be construed to affect such transactions so far only as the legislature has power to make laws in relation thereto.

SEC. 50. (1) Nothing in this act shall apply to or prevent the sale, purchase or consumption

(a) of any pharmaceutical preparation containing liquor which is prepared by a druggist according to a formula of the Pharmacopoeia of the United States, or the Dispensatory of the United States; or

(b) of any proprietary or patent medicine; or

(c) of wood alcohol or denatured alcohol, except in the case of the sale, purchase, or consumption of wood alcohol or denatured alcohol for beverage purposes, either alone or combined with any other liquid or substance.

SEC. 51. (1) Where a medicinal preparation contains liquor as one of the necessary ingredients thereof, and also contains sufficient medication to prevent its use as an alcoholic beverage, nothing in this act shall apply to or prevent its composition or sale by a druggist when compounded from liquor purchased by the druggist under a special permit held by him, nor apply to or prevent the purchase or consumption of the preparation by any person for strictly medicinal purposes.

(2) Where a toilet or culinary preparation, that is to say, any perfume, lotion, or flavoring extract or essence, contains liquor and also contains sufficient ingredient or medication to prevent its use as a beverage, nothing in this act shall apply to or prevent the sale or purchase of that preparation by any druggist or other person who manufactures or deals in the preparation, nor apply to or prevent the purchase or consumption of the preparation by any person who purchases or consumes it for any toilet or culinary purpose.

(3) In order to determine whether any particular medicinal, toilet, or culinary preparation referred to in this section contains sufficient ingredient, or medication to prevent its use as an alcoholic beverage, the board may cause a sample of the preparation, purchased or obtained from any person whomsoever, to be analyzed by an analyst appointed or designated by the board; and if it appears from a certificate signed by the analyst that he finds the sample so analyzed by him did not contain sufficient ingredient or

medication to prevent its use as an alcoholic beverage, the certificate shall be conclusive evidence that the preparation, the sample of which was so analyzed, is not a preparation the sale or purchase of which is permitted by this section.

SEC. 52. (1) All licensed premises used in the manufacture, storage, or sale of liquor shall at all times be open to inspection by any inspector or officer of the peace in order to ascertain whether any infraction of any of the provisions of this act or the regulations has taken place or is taking place therein.

(2) Every person, being on any such licensed premises or having charge thereof, who refuses or fails to admit an inspector or officer of the peace demanding to enter therein in pursuance of this section in the execution of his duty, or who obstructs or attempts to obstruct the entry of such inspector or officer of the peace, or who refuses to allow an inspector to examine the books of the licensee, or who refuses or neglects to make any return required by this act or the regulations, shall be guilty of an offense against this act.

Sec. 53. Whenever any person shall have been declared an habitual drunkard by virtue of sections 1708-1715, Rem. Rev. Stat., the court declaring such person an habitual drunkard shall, at the same time, make an order directing the cancellation of any permit held by that person and prohibiting the sale of liquor to him until further order; and the court shall cause a certified copy of the order to be forthcoming filed with the board, and the officer making and transmitting such certified copy shall make no charge thereto. Upon receipt of the order of interdiction, the board shall cancel any permit held by the interdicted person.

Sec. 54. Whenever any order declaring a person to be an habitual drunkard shall have been annulled and vacated by the court by virtue of section 1715, Rem. Rev. Stat., the judge of said court shall also file an order with the board revoking the former order of interdiction; and, upon the filing of the order of revocation, the interdicted person shall be restored to all his rights under this act.

Sec. 55. In every case in which liquor is seized by a sheriff or constable of any county or by a police officer of any municipality or by a member of the Washington State Patrol, or any other authorized peace officer or inspector, it shall be the duty of the sheriff of the county or chief of police of the municipality or the chief of the Washington State Patrol, as the case may be, to forthwith report in writing to the board the particulars of such seizure, and to immediately deliver over such liquor to the board at such place as may be designated by it.

Sec. 56. (1) For the purpose of obtaining information concerning any matter relating to the administration or enforcement of this act, the Board, or any person appointed by it in writing for the purpose, may inspect the books and records of

- (a) any manufacturer;
- (b) any license holder;
- (c) and drug store holding a permit to sell on prescriptions;

(d) the freight and express books and records and all waybills, bills of lading, receipts and documents in the possession of any common carrier doing business within the state, containing any information or record relating to any goods shipped or carried, or consigned or received for shipment or carriage within the state. Every common carrier, and every owner or officer or employee of such common carrier, who neglects or refuses to produce and submit for inspection any book, record or document referred to in this section when requested to do so by the board or by a person so appointed by it shall be guilty of an offense against this act.

SEC. 57. In describing the offense respecting the sale, or keeping for sale or other disposal, of liquor, or the having, keeping, giving, purchasing or consumption of liquor, in any information, summons, conviction, warrant, or proceeding under this act, it shall be sufficient to simply state the sale, or keeping for sale or disposal, having, keeping, giving, purchasing, or consumption of liquor, without stating the name or kind of such liquor or the price thereof, or to whom it was sold or disposed of, or by whom consumed, or from whom it was purchased or received; and it shall not be necessary to state the quantity of liquor so sold, kept for sale, disposed of, had, kept, given, purchased or consumed, except in the case of offenses where the quantity is essential, and then it shall be sufficient to allege the sale or disposal of more or less than such quantity.

SEC. 58. The description of any offense under this act, in the words of this act, or in any words of like effect, shall be sufficient in law; and any exception, exemption, provision, excuse, or qualification, whether it occurs by way of proviso or in the description of the offense in this act, may be proved by the defendant, but need not be specified or negatived in the information; but if it is so specified or negatived, no proof in relation to the matter so specified or negatived shall be required on the part of the informant or complainant.

SEC. 59. In any proceeding under this act, proof of one unlawful sale of liquor shall suffice to establish the intent or purpose of unlawfully keeping liquor for sale in violation of this act.

SEC. 60. A certificate, signed by any person appointed or designated by the board in writing as an analyst, as to the percentage of alcohol contained in any liquid, drink, liquor, or combination of liquors, when produced in any court or before any court shall be *irima facie* evidence of the percentage of alcohol contained therein.

SEC. 61. In all prosecutions, actions, or proceedings under the provisions of this act against a corporation, every summons, warrant, order, writ or other proceeding may be served on the corporation in the same manner as is now provided by law for service of civil process.

SEC. 62. Save as in this act otherwise provided, the action, order, or decision of the board as to any matter or thing in respect of which any power, authority or discretion is conferred on the board under this act shall be final, and shall not be questioned, reviewed or restrained by injunction, prohibition or other process or proceeding in any court, or be removed by *ceteriorari* or otherwise into any court.

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SEC. 63. There shall be a board, known as the "Washington State Liquor Control Board," consisting of three members, to be appointed by the governor, who shall each be paid an annual salary, to be fixed by the governor, of not less than \$7,500.00 nor more than \$10,000.00; not more than two of whom shall belong to any one political party. The governor may, in his discretion, appoint one of the members as chairman of the board, and a majority of the members shall constitute a quorum of the board. The governor may appoint a person to take the place of any member during his absence for any cause, and the person so appointed, while so acting, shall have and may exercise all the powers and shall perform all the duties of that member.

SEC. 64. (1) The members of the first board to be appointed after the taking effect of this act shall be appointed for terms beginning at the effective date of this act and expiring as follows: One member of the board for a term of three years from the date of his appointment; one member of the board for a term of six years from the date of his appointment; and one member of the board for a term of nine years from the date of his appointment. Each of the members of the first board appointed shall hold office until his successor is appointed and qualified. Upon the expiration of the term of any of the three members of the board first to be appointed as aforesaid, each succeeding member of the board shall be appointed and hold office for the term of nine years and until his successor shall have been appointed and qualified. In case of a vacancy, it shall be filled by appointment by the governor for the unexpired portion of the term in which said vacancy occurs. No vacancy in the membership of the board shall impair the right of the remaining member or members to act, except as herein otherwise provided.

(2) The principal office of the board shall be at the state capital, and it may establish such other offices as it may deem necessary.

(3) Any member of the board may be removed for inefficiency, malfeasance or misfeasance in office, upon specific written charges filed by the governor, who shall transmit such written charges to the member accused and to the chief justice of the supreme court. The chief justice shall thereupon designate a tribunal composed of three judges of the superior court to hear and adjudicate the charges. Such tribunal shall fix the time of the hearing, which shall be public, and the procedure for the hearing, and the decision of such tribunal shall be final and not subject to review by the supreme court. Removal of any member of the board by the tribunal shall disqualify such member for reappointment.

(4) Each member of the board shall devote his entire time to the duties of his office and no member of the board shall hold any other public office. Before entering upon the duties of his office each of said members of the board shall enter into a surety bond executed by a surety company authorized to do business in this state, payable to the State of Washington, to be approved by the governor, in the penal sum of Fifty Thousand Dollars (\$50,000.00), conditioned upon the faithful performance of his duties, and shall take and subscribe to the oath of office prescribed for elective state officers, which oath and bond shall be filed with the secretary of state. The premium for said bond shall be paid by the board.

Sec. 65. The board may employ such number of employees as in its judgment are required from time to time for the purposes of this act, at such

rates of salaries or wages as are fixed by the regulations; and any employee so employed may be dismissed or removed by the board at its pleasure.

SEC. 66. The board may employ legal counsel and one or more inspectors or prosecuting officers, who, under its direction, shall perform such duties as it may require, and who shall be paid such salaries, fees and expenses as the said board may determine.

SEC. 67. (1) Every order for the purchase of liquor shall be authorized by the board, and no order for liquor shall be valid or binding unless it is so authorized and signed by any two members of the board.

(2) A duplicate of every such order shall be kept on file in the office of the board.

(3) All cancellations of such orders made by the board shall be signed in the same manner and duplicates thereof kept on file in the office of the board.

SEC. 68. No member of the board and no employee of the board shall have any interest, directly or indirectly, in the manufacture of liquor or in any liquor sold under this act, or derive any profit or remuneration from the sale of liquor, other than the salary or wages payable to him in respect of his office or position, and shall receive no gratuity from any person in connection with such business.

SEC. 69. (1) The board, subject to the provisions of this act and the regulations, shall

(a) determine the localities within which state liquor stores shall be established throughout the state, and the number and situation of the stores within each locality;

(b) establish all necessary warehouses for the storing and bottling, diluting and rectifying of stocks of liquors for the purposes of this act;

(c) provide for the leasing for not more than five years, in the name and on behalf of the state, of all premises required for the conduct of the business; and for remodeling the same, and the procuring of their furnishings, fixtures and supplies; and for obtaining options of renewal of such leases by the lessee. The term of such leases in all other respects shall be subject to the direction of the board;

(d) determine the nature, form and capacity of all packages to be used for containing liquor kept for sale under this act;

(e) execute or cause to be executed, all contracts, papers and documents in the name of the board, under such regulations as the board may fix;

(f) pay all customs duties, excises, charges and obligations whatsoever relating to the business of the board;

(g) determine amount of fidelity bond of each employee;

(h) perform all other matters and things, whether similar to the foregoing or not, to carry out the provisions of this act, and shall have full power to do each and every act necessary to the conduct of its business, including all buying, selling, preparation and approval of forms, and every other function of the business whatsoever, subject only to audit by the state auditor.

SEC. 70. (1) Where the board is of the opinion that the provisions of this act are not being properly enforced in any municipality, the board may

report the matter to the chief of the Washington State Patrol, who shall take such steps as he deems necessary to enforce the provisions of this act within the municipality for such period of time as he considers advisable, and the amount of the costs and expenses necessarily incurred by the chief of the Washington State Patrol therein shall be paid by the board.

(2) Where any action or proceedings are brought or taken by the board, or by any of its employees, or by any officer of the Washington State Patrol for the enforcement of any of the provisions of this act within a municipality, the board may pay such amount of costs and expenses necessarily incurred therein as it determines, and all fines collected in any such action or proceedings shall be paid to the board. All state, county and municipal peace officers are hereby charged with the duty of investigating and prosecuting all violations of this act.

SEC. 71. The state auditor shall, from time to time, audit the books, records and affairs of the board, and such audits shall be construed a public record of the State of Washington.

SEC. 72. The board shall, from time to time, make reports to the governor covering such matters in connection with the administration and enforcement of this act as he may require, and the board shall prepare and forward to the governor annually, to be laid before the legislature, a report for the twelve months ending on the 31st day of December of the year with respect to which the report is made, which report shall be a public document, and contain

- (a) a detailed financial statement and balance sheet showing the condition of the business and its operation during the year;
- (b) a statement of the nature and amount of the business transacted by each vendor under this act during the year covered by this report;
- (c) a summary of all prosecutions for infractions of this act, and the result of the same;
- (d) general information and remarks as to the working of the act within the state; and
- (e) any further information requested by the governor.

SEC. 73. For the purpose of carrying out the provisions of this act, there is hereby created a fund, to be known as the "Liquor Revolving Fund," which shall consist of all license fees, permit fees, fines, penalties, forfeitures and all other moneys, income or revenue received under this act. None of the provisions of section 5501, Rev. Stat., shall be applicable to such fund nor to any of the moneys received or collected by the board.

SEC. 74. All expense whatsoever arising under the administration of this act, including the payment of the salaries of the members of the board and its employees, the amount necessary to reimburse the state auditor in respect of the auditing of the accounts of the board and the certification of its balance sheets, customs duties, excises and all expenditures incurred in establishing, maintaining and operating state liquor stores, and of conducting the business of the board shall be paid from said liquor revolving fund.

All moneys shall be paid from the liquor revolving fund by check or voucher in such form and in such manner as shall be prescribed in the regulations.

SEC. 75. The liquor revolving fund shall be deposited by the board in such banks and financial institutions as it may select throughout the state of Washington, which banks and financial institutions shall give to the board surety bonds executed by surety companies authorized to do business in the state of Washington, or collateral eligible as security for deposit of state funds, in at least the full amount of the deposit in each such bank or financial institution.

All moneys received by the board or any employee under this act, except an amount of petty cash for each day's needs as fixed by the regulations, shall be each day and as often during such day as advisable, deposited in the nearest authorized depository selected by the board under the terms of this section.

SEC. 76. For the purpose of providing the necessary moneys to carry this act into effect the board is authorized to issue and sell bonds of the board, payable only out of the liquor revolving fund, in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00). The terms, issuance, sale and retirement of such bonds shall be under the general supervision and control of the board; such bonds to be known as "Liquor Revenue Bonds of the Washington State Liquor Control Board." The board may in its discretion provide for the issuance of coupons or registered bonds. The bonds shall be signed by the chairman and the secretary of the board, under seal of the board, and any coupons attached to such bonds shall be signed by the *facsimile* signature of the secretary. Each such bond may be made payable at any time not exceeding five years from the date of its issuance, with such reserved rights of prior redemption as the board may prescribe, to be specified therein. Such bonds shall be sold so as to yield a rate of interest of not more than 6½ per cent per annum, as computed by standard bond tables commonly in use by insurance companies, banks and other financial institutions. Any bond may be registered, as to principal only, in the name of the holder, on presentation to the board, under such regulations as the board may prescribe. Each bond and interest coupon attached shall show upon its face that it is payable solely from the liquor revolving fund and not otherwise, and that neither the state of Washington nor the board nor any member thereof shall incur any liability or obligation by reason of the authority granted in this section. The bonds shall be payable at such place or places as the board may provide, and shall be in such denominations as may be prescribed by the board. All bonds issued under the provisions of this act may be sold in such manner and in such amounts and at such times and on such terms and conditions as the board may prescribe.

Bonds issued under the provisions of this act shall be a legal investment for any of the funds of savings banks, mutual savings banks, savings and loan associations and insurance companies, and shall be accepted at par as collateral security by all public depositaries of the state, or of any of the subdivisions thereof. Such bonds shall be exempt from all taxes levied by the state and any municipal subdivision thereof.

Said bonds shall be retired as to principal in an amount of not less than Three Hundred Thousand Dollars (\$300,000.00) per year and shall be redeemable, under regulations prescribed by the board, on any interest

payment date prior to maturity, upon payment of the principal thereof, plus accrued interest and a premium of \$3.00 on each \$100.00 thereof.

No distribution of any sums from the liquor revolving fund shall be made to the state and the municipalities thereof as provided in sections 77 and 78 unless there shall be money in said liquor revolving fund after setting aside and reserving the following:

(a) An amount sufficient to pay the principal and interest to become payable on said bonds during the then current year;

(b) A cash reserve of \$500,000.00 over and above all other assets.

If, while any of the said bonds remain outstanding, the state shall determine the operation of state stores as in this act provided, the proceeds of the sale of its entire stock of liquors and all assets under the control of said board shall be first applied to the retirement of the bonds then outstanding, with accrued interest and premium thereon as above provided, before any of such proceeds are distributed as otherwise fixed in this act.

SEC. 77. Whenever there shall be in the liquor revolving fund money in excess of the amount specified in section 76 hereof, such money shall, from time to time and at least once every three months, be paid by said board to the state treasurer, to be disbursed by him in accordance with section 78 hereof.

SEC. 78. All money received by the state treasurer pursuant to section 77 hereof shall be divided by him as follows: One-half to the general fund of the state, and one-half to the counties, cities and towns of the state on the following basis:

(Note: Realizing that local conditions of which this commission is not informed will have a distinct bearing on the distribution as between cities and counties, the commission does not touch upon that subject.)

SEC. 79. (1) For the purpose of carrying into effect the provisions of this act according to their true intent or of supplying any deficiency therein, the board may make such regulations not inconsistent with the spirit of this act as are deemed necessary or advisable. All regulations so made, together with a copy of this act, shall forthwith be published in pamphlets, which pamphlets shall be distributed free at all liquor stores and as otherwise directed by the board, and thereupon shall have the same force and effect as if incorporated in this act.

(2) Without thereby limiting the generality of the provisions contained in subsection (1), it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to

(a) regulating the equipment and management of stores and warehouses in which state liquor is sold or kept, and prescribing the books and records to be kept therein and the reports to be made thereon to the board;

(b) prescribing the duties of the employees of the board, and regulating their conduct while in the discharge of their duties;

(c) governing the purchase of liquor by the state and the furnishing of liquor to stores established under this act;

(d) determining the classes, variettes, and brands of liquor to be kept for sale at any store;

(e) prescribing, subject to section 11, the hours during which the state liquor stores shall be kept open for the sale of liquor;

(f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this act;

(g) prescribing an official seal and official labels and stamps and determining the manner in which they shall be attached to every package of liquor sold or sealed under this act, including the prescribing of different official seals or different official labels for different classes of liquor;

(h) providing for the payment by the board in whole or in part of the carrying charges on liquor shipped by freight or express;

(i) prescribing forms to be used for purposes of this act or the regulations, and the terms and conditions to be contained in permits and licenses issued under this act;

(j) prescribing the fees payable in respect of permits and licenses issued under this act for which no fees are prescribed in this act, and prescribing the fees for anything done or permitted to be done under the regulations;

(k) prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;

(l) regulating the sale of liquor kept by the holders of licenses which entitle the holder to purchase and keep liquor for sale;

(m) prescribing the records of purchases or sales of liquor kept by the holders of licenses, and the reports to be made thereon to the board, and providing for inspection of the records so kept;

(n) prescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;

(o) prescribing the manner of giving and serving notices required by this act or the regulations, where not otherwise provided for in this act;

(p) regulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;

(q) prescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensed clubs in any municipality or other locality, and providing for the inspection of clubs;

(r) prescribing the conditions, accommodations and qualifications requisite for the obtaining of licenses to sell beer and unfortified wines, and regulating the sale of beer and unfortified wines thereunder;

(s) specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

(t) providing for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount

of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns.

(u) providing for the making of returns by the wholesalers or
and for the accuracy of such returns,
whose breweries are located beyond the boundaries of the state;

(v) providing for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such

manufacturers, their books and records, and for the collecting of any such return; (w) providing for the giving of fidelity bonds by any or all of the employees of the board: *Provided*, That the premiums therefor shall be paid by the board.

(x) providing for the shipment by mail or common carrier of liquor to any person holding a permit and residing in any unit which has, by election pursuant to this act, prohibited the sale of liquor therein.

Sec. 89. Every member of the board, and every employee authorized by the board to issue permits under this act may administer any oath and take and receive any affidavit or declaration required under this act or the regulations.

SEC. 81. The prosecuting attorney in each county shall send to the board, at the end of each year, a written report of all prosecutions brought under this act in the county during the preceding year, showing in each case the date of trial, name of accused, nature of charges, disposition of case, and the name of the judge presiding.

In each municipality having a police court, the judge of said court shall send to the board a like annual report in respect of prosecutions brought under this act therein.

Sec. 82. For the purpose of an election upon the question of whether the sale of liquors shall be permitted as hereinafter provided, the election unit shall be a county.

SEC. 83. Within any unit referred to in section 82, upon compliance with the conditions hereinafter prescribed, there may be held, at the time and as a part of any general election, an election upon the question of whether the sale of liquor shall be permitted within such unit; and in the event that any such election is held in any such unit, no other election under this section shall be held prior to the next succeeding general election.

SEC. 84. Any unit referred to in section 82 may hold such election upon the question of whether the sale of liquor shall be permitted within the boundaries of such unit, upon the filing with the county auditor of any county comprising such unit, of a petition subscribed by qualified electors of the unit equal in number to at least thirty per cent of the electors voting at the last general election within such unit. Such petition shall designate the unit in which the election is desired to be held, the date upon which the election is desired to be held, and the question that is desired to be submitted. The persons signing such a petition shall state their post office address, the name or number of the precinct in which they reside, and in case the subscriber be a resident of a city, the street and house number, if any, of his residence and the date of signature. Said petition shall be

filed not less than sixty days nor more than ninety days prior to the date upon which the election is to be held. No signature shall be valid unless the above requirements are complied with, and unless the date of signing the same is less than ninety days preceding the date of filing. No signature shall be withdrawn after the filing of such petition. Such petition may consist of one or more sheets and shall be fastened together as one document, filed as a whole, and when filed shall not be withdrawn or added to. Such petition shall be a public document and shall be subject to the inspection of the public. Upon the request of anyone filing such a petition and paying or tendering to the county auditor one dollar for each hundred names, or fraction thereof, signed thereto, together with a copy thereof, said county auditor shall immediately compare the original and copy and attach to such copy and deliver to such person his official certificate that such copy is a true copy of the original, stating the date when such original was filed in his office; and said officer shall furnish, upon the demand of any person, a copy of said petition, upon payment of the same fee required for the filing of original petitions.

or original petitions.

SEC. 85. Upon the filing of a petition as hereinbefore provided, the county auditor with whom it is filed shall cause the names on said petition to be compared with the names on the voters' official registration records provided for by law with respect to such unit. The officer or deputy making the comparison shall place his initials in ink opposite the signatures of those persons who are shown by such registration records to be legal voters and shall certify that the signatures so initialed are the signatures of legal voters of the State of Washington and of said unit, and shall sign such certificate. In the event that said petition, after such comparison, shall be found to have been signed by the percentage of legal voters of said unit referred to in section 84, the question shall be placed upon the ballot at the next general election.

Sec. 86. Upon the ballot to be used at such general election the question shall be submitted in the following form:

SEC. 87. The returns of any such election shall be canvassed in the manner provided by law. If the majority of qualified electors voting upon said question at said election shall have voted "for sale of liquor" within the unit in which the election is held, the sale of liquor may be continued in accordance with the provisions of this act. If the majority of the qualified electors voting on such question at any such election shall vote "Against sale of liquor," then, within thirty days after such canvass no sale or purchase

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of liquor, save as herein provided, shall be made within such unit until such permission so to do be subsequently granted at an election held for that purpose under the provisions of this act.

Sec. 88. Whenever a majority of qualified voters voting upon said question in any such unit shall have voted "Against sale of liquor," the county auditor shall file with the liquor control board a certificate showing the result of the canvass at such election; and thereafter, except as herein-after provided, it shall not be lawful for a liquor store to be operated therein nor for licensees to maintain and operate licensed premises therein except as hereinafter provided:

(a) As to any stores maintained by the board within any such unit at the time of such licensing, the board shall have a period of thirty days from and after the date of the canvass of the vote upon such election to continue operation of its store or stores therein.

(b) As to any premises licensed hereunder within any such unit at the time of such election, such licensee shall have a period of sixty days from and after the date of the canvass of the vote upon such election in which to discontinue operation of its store or stores thereof.

(c) Nothing herein construed shall prevent any manufacturer located within such unit from selling liquor manufactured by him outside of the boundaries of said unit.

(d) Nothing herein contained shall be construed to prevent any person residing in any unit in which the sale of liquor shall have been forbidden by popular vote as herein provided, who is otherwise qualified to receive and hold a permit under this act, from lawfully purchasing without the unit and transporting into or receiving within the unit, liquor lawfully purchased by him outside the boundaries of such unit.

Sec. 89. All records whatsoever of the board showing purchases by any individual of liquor shall be deemed confidential, and, except subject to audit by the state auditor, shall not be permitted to be inspected by any person whatsoever, except by employees of the board to the extent permitted by the regulations; and no member of the board and no employee whatsoever shall give out any information concerning such records.

Sec. 90. No manufacturer or wholesaler, whether resident or non-resident, shall have any financial interest in any business licensed under section 23, subsections (4), (5) or (6), nor shall any manufacturer own any of the property upon which such licensed persons conduct their business, nor shall any such licensed person, under any management whatsoever, conduct his business upon property in which any manufacturer has any interest, nor shall any manufacturer advance money to any such licensed person under any arrangement whatsoever, nor shall any such licensed person receive, under any arrangement whatsoever, any such advance of money.

Sec. 91. Every person who violates any provision of this act or the regulations shall be guilty of an offense against this act, whether otherwise declared or not.

Sec. 92. (1) Every person who violates the provisions of section 28 shall be guilty of a gross misdemeanor.

(2) Every person who shall sell by the drink or bottle, any liquor other than beer and unfortified wines as defined in this act, shall be guilty of a gross misdemeanor.

(3) Except as otherwise provided in this act, every person who shall sell any liquor, other than beer, by the bottle or package, or who shall own or operate any still shall be guilty of a gross misdemeanor.

(4) A gross misdemeanor and the penalty therefor shall be as otherwise provided by the laws of this state.

SEC. 93. Every person guilty of an offense against the act for which no penalty has been specifically provided shall be liable, on conviction, for a first offense to a penalty of not more than three hundred dollars, or to imprisonment for not more than two months, with or without hard labor, or both; for a second offense to imprisonment for not more than six months, with or without hard labor; and for a third or subsequent offense to imprisonment for not more than one year, with or without hard labor. If the offender convicted of an offense referred to in this section is a corporation, it shall for a first offense be liable to a penalty of not more than two thousand dollars, and for a second or subsequent offense to a penalty of not more than three thousand dollars, or to forfeiture of its corporate license, or both.

SEC. 94. If any clause, part or section of this act shall be adjudged invalid, such judgment shall not affect nor invalidate the remainder of the act, but shall be confined in its operation to the clause, part or section directly involved in the controversy in which such judgment was rendered. If the operation of any clause, part or section of this act shall be held to impair the obligation of contract, or to deny to any person any right or protection secured to him by the Constitution of the United States of America, or by the Constitution of the State of Washington, it is hereby declared that, had the invalidity of such clause, part or section been considered at the time of the enactment of this act, the remainder of the act would nevertheless have been adopted without such and any and all such invalid clauses, parts or sections.

SEC. 95. Nothing in this act shall be construed to amend or repeal chapter 2 of the Laws of 1923, or any portion thereof.

SEC. 96. This act is necessary for the immediate support of the state government and its existing public institutions and for the immediate preservation of the public peace, health and safety, and shall take effect immediately.

APPENDIX "B"

**ESTIMATED FINANCIAL OPERATIONS OF PROPOSED
STATE LIQUOR CONTROL PLAN**

RECAPITULATION		\$6,052,071.25
Gross Revenue	\$81,956.00	\$81,956.00
Less: Operating cost	983,472.00	983,472.00
Balance	<u>\$5,068,599.25</u>	

First year deductions:

Loan Amortization and interest:

Loan of \$1,500,000 at 6% to be retired in 5 years.	
First year: Principal... \$300,000.00	
Interest... . 90,000.00	
	<u>\$390,000.00</u>

Reserve

500,000.00

890,000.00

\$4,178,599.25**Capital Requirement:**

To purchase merchandise..... Exhibit A

\$1,200,000.00

Store fixtures and furniture..... B

86,500.00

C 1,800.00

D 6,000.00

E 17,000.00

F 15,000.00

G 4,000.00

H 125,000.00

\$1,455,300.00**Working Capital:**

Printing, Exhibit H

\$5,000.00

Store supplies for 60 days..... I

2,500.00

Office supplies, printing, etc., for 60 days.....

600.00

Petty cash (change)

2,000.00

Insurance: Fire, holdup, burglary, estimated

10,000.00

Automobile insurance

J 1,400.00

Bonds, fidelity

6,000.00

Licenses, Federal liquor.....

2,100.00

29,600.00\$1,484,900.00**Operating Cost:****Recapitulation:**

Per Month

Stores:

Salaries \$53,725.00

Rents, heat, light, telephone..... 6,636.00

Miscellaneous 2,200.00

\$62,561.00

	Year	Distilled Spirits Gals.	Wine Gals.	Malt Beverages Gals.
	1910
	1911	1.42	.65	20.09
	1912	1.46	.67	20.66
	1913	1.44	.58	19.96
	1914	1.50	.56	20.62
	1915	1.43	.52	20.54
	1916	1.25	.32	18.24
	1917	1.35	.46	17.59
	1918	1.60	.41	17.94
	Eight year average:	1.43	.52	19.45

The federal records show a consistent per capita production and consumption for nearly 40 years prior to prohibition and the figures for eight years are set forth below:

Per capita production and consumption of alcoholic beverages, in gallons, from annual reports of departments of Internal Revenue and Commerce:

Such records from customs information.

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Department of Commerce on imports. This Department compiled

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Department of Internal Revenue on production and withdrawals from warehouses of domestic products.

Department of Commerce on imports. This Department compiled

such records from customs information.

The foregoing figures include all kinds of imported and domestic intoxicating beverages.

The 1930 Federal Census gives Washington a population of 1,563,396. The normal increase in population throughout the United States is estimated in 1.4% annually, which would give a present population of 1,629,057.

1.43 gals. spirits X 1,629,057 = 2,329,551 gals.

1.53 gals. wine X 1,629,057 = 847,109 gals.

19.54 gals. Malt X 1,629,057 = 1,046,192 bbls.

EXHIBIT "A"

Merchandise Investment:

To arrive at this figure the inventories of Canadian provinces have been considered as a reasonable guide:

Manitoba	1932	Per Capita 60c
Quebec	1932	Per Capita 67c
Ontario	1932	Per Capita 83c
British Columbia	1932	Per Capita 95c
Or an average of	76c

Applying 76c to the present Washington population of 1,629,057 shows a requirement of \$1,238,083.32.

The Canadian liquor inventories of spirits are based on costs that are comparable to pre-prohibition costs in the United States, as the cost of British whiskies is today virtually the same as 15 to 18 years ago, and at that time British products sold on about the same level as American products.

EXHIBIT "B"

Cost of Store Furniture and Fixtures:

In order to arrive at the cost of equipping the stores, a study was first made of the population of every community in the state and as population is not the controlling factor there was a further study made of the type of industry and character of the people in every locality, with the result that it is considered that a minimum of 84 stores would be required.

The stores were then classified as follows:

Class "A," the three major cities	4 stores
Class "B," communities of 5,000 to 15,000	20 stores
Class "C," communities under 5,000	50 stores
Class "D," branch stores in the 3 major cities	10 stores

In addition to the above there are about 20 additional localities that may eventually have to have stores. Consideration was then given to the quantity of merchandise that would be moved through each class of store, and this was arrived at by using pre-prohibition consumption figures, per capita.

With the quantities determined, the size of store, with its proper equipment, was arrived at.

Drawings were then prepared covering counters, shelving, show case, partition, cashier's cage and order desk. These drawings with specifications were submitted to a reliable manufacturer, and his figures used in the computations that give the total result shown.

In addition thereto was added office desk, typewriter, etc.

EXHIBIT "C"

Cost of Warehouse Fixtures and Furniture:

The same method of study was followed in arriving at this figure as was used in the case of the retail stores. Of course this figure of \$1,800.00 covers only the offices of the warehouses; the equipment is treated separately.

EXHIBIT "D"

Main Office Fixtures and Furniture:

In considering this expenditure it was taken for granted that the state did not have on hand the furniture and office equipment that would be required.

Detail was worked out and actual quotations used in arriving at the item of \$6,000.00.

EXHIBIT "E"

Bottling and Labelling Equipment:

To arrive at this cost contact was made with a representative of the largest manufacturer of such equipment in the country.

Seattle warehouse:	
Bottle washer-sterilizer	\$5,000.00
Filler	2,000.00
Canner-corking machine	3,000.00
Labeller, power	3,000.00
Freight and installation	2,000.00
	<hr/>
	\$15,000.00

Tacoma and Spokane warehouses:	
Labellers, hand	2,000.00
	<hr/>
	\$17,000.00

The washing and filling equipment would be large enough to care for 40 to 50 barrels of material per day, or one-fourth of all whiskey sold. Smaller equipment can be secured but at no great saving in cost.

With consumption of 2,500,000 gallons of spirits and wine there would be approximately 24,000 tons of material to be handled annually, or 80 tons daily:

EXHIBIT "F"

Motor Trucks:

Intra-city movements:	
Seattle	25% or 20 tons
Tacoma	7½% or 6 tons
Spokane	7½% or 6 tons

Inter-city movements:

Approximately 48 tons per day.
On intra-city hauls one 1½ ton truck (3 ton capacity) should

move 10 to 15 tons daily, or
 Seattle and environs..... 2 trucks
 Tacoma and environs..... 1 truck
 Spokane and environs..... 1 truck
 On average inter-city movements one 1½-ton truck
 (3 ton capacity) should move 6 to 10 tons daily,
 an average of 8 tons or..... 6 trucks
 Total..... 10 trucks
 10 trucks @ \$1,500.00..... \$15,000.00

Of course there has been a great deal of detail study made of the movements both intra and inter-city, but it is too bulky to set forth herein.

Revolving Fund for Customs Duties:

Present import duties:

Spirits	\$5.00	gal.
Wine, still	1.25	"
Wine, sparkling	5.00	"

One-tenth of spirits to be imported or 240,000 gallons annually, or 20,000 gallons per month. (Prior to prohibition only 3% of spirit consumption was imported.)

One-sixth of wines to be imported, or 100,000 gallons annually, \$400 gallons per month.

20,000 gallons of spirits	@ \$5.00	\$100,000.00
4,200 " still wine	@ 1.25	5,250.00
" " sparkling wine	@ 5.00	21,000.00
		<u><u>\$126,250.00</u></u>

This revolving fund can be turned every thirty days and would provide sufficient money to care for all import duties.

Importations would be received in bonded warehouses and only withdrawn as required for the stores, the duty to be paid at times of withdrawal.

EXHIBIT "G,"

Printing:

Bottle seals: Will require 10 to 12 million per year. Cost will be around 50c per thousand.

Permits: Will require not less than 250,000 per year. Cost will be around \$4.00 per thousand. Demand for permits will be heavy in the beginning so at least 250,000 should be purchased at once, with more to follow if necessary..... 1,000.00

Sales tickets: Will require 8 to 10 million per year. Cost will be around 66c per thousand. Restaurant and beer store license forms..... 975.00 60 days supply, 1½ million at 66c M..... 200.00 Miscellaneous forms..... 1,826.00

\$5,000.00

Office printing that will be required immediately is provided for in another item.

Resp to Costco RFP
8321

Store Supplies:

EXHIBIT "J,"

Wrapping paper, bags, packing material for the stores will cost approximately \$15,000.00 a year. The first 60 days supply will have to be purchased immediately, hence \$2,500.00 is provided for in working capital.

Insurance:

With locations of warehouses and stores unknown the fire insurance rates are rather hard to estimate, but an average has been arrived at. There are no quoted rates on holdup and burglary insurances on this class of merchandise, so averages have been arrived at from some old rates.

Automobile insurance is a close estimate, from existing rates.

Fidelity insurance has been arrived at from classifying the employees, fixing coverage on each class, and applying the average present state rates.